



Nottinghamshire

POLICE & CRIME COMMISSIONER

Precept 2021-22

January 2020

The Police & Crime Commissioner's

Precept 2021-22

Letter from the Minister

In announcing the Provisional Settlement figures for Police Grant the Minister has made the following comments:

- Funding nationally for Policing will increase by £703m in the form of grant for the uplift in police officer numbers and increased council tax freedoms.
- Core Police Grant will increase to reflect the number of officers recruited for Uplift.
- Precept freedoms allow for a £15 increase on Band D properties, raising £288m nationally if all Commissioners take this up.
- Counter Terrorism will see an increase with a total of £914m set aside for this service.
- Funding of the Uplift of 6,000 officers by March 2022 will continue to be provided through core grant and specific grant based on performance.
- Continued support to cover the increase in pension costs.
- Continued support for National programmes such as ESN and NLEDs.
- £120m efficiency savings across the sector, with £20m from Blue Light Commercial.

Introduction

In light of the assumptions and opportunity made available by the Minister the Nottinghamshire Police & Crime Commissioner is proposing a precept increase of £14.94 for the 2021-22 financial year.

This increase in the precept supports the budget report and Commissioners commitment to increase in police officer numbers in our neighbourhoods. There continues to be a focus on reducing Hate Crime, Knife Crime and the additional funding for the Violence Reduction Unit (to provide multi-agency focus on violence reduction activity); this continues to build on the good work in these areas. The outcomes of these specific pieces of work will be reported to the Audit & Scrutiny Panel during the year.

Forever, cognisant of the environment the Commissioner provided funding specifically, to pilot electric police vehicles within the force. We now have 2 electric cars within the City (where use and infrastructure are better suited) and are in the process of expanding the use of electric bikes. The Commissioner also supports Victims Services through formal contracts and grants with the third sector. Further priorities include Rural Crime, crime prevention and partnership working, all vital to community safety.

This budget supports fully the Police & Crime Plan for 2021-22.

Government Assumptions

In November the spending review announcement provided more detail than usual as to what could be expected in the December settlement. It was announced that there would be further precept freedoms of up to £15 on a Band D property. The Government intention for this was to prevent reverse civilianisation. This was a possibility that had increased in risk, if there was a need to recruit the 20,000 without support for pay awards and inflation for existing officers and staff.

In providing the provisional grant settlement figure in December the Government has made certain assumptions in relation to the total funding available for Policing.

Firstly, it provides additional resource to the main police grant for the Uplift of officers by 20,000. This increase is in the core police grant and is therefore likely to continue in future years, although an element is based on achieving recruitment numbers set by the Home Office (Specific Grant). The planned recruitment has been re-phased over the last two years of this plan, with 25% of the officers planned and the grant funding for 2021-22 being pushed back to 2022-23.

Secondly, the £15 precept freedom indicated is for one year ahead of the next (delayed again) CSR and potential funding formula review. The impact of Brexit is that it is uncertain there will be any additional funding available for Policing within the next CSR period. The Home Office have commented that it expects any future funding gap, from inflationary pressures, to be resourced from continued precept freedoms. Further detail on what impact this will have in Nottinghamshire is provided in the Medium Term Financial Strategy.

The additional Treasury Grant for the remainder of the pensions funding gap continues for 2021-22; as does the Home Office additional grant for Pensions.

Future outlook

We are in unprecedented times all of which have a major impact on the Government funding available for the public sector. It is reassuring to hear that Policing remains priority, but this is alongside the NHS, the cost and repayment in relation to COVID and the cost of BREXIT.

The Government remains committed to being able to balance the budget and reduce borrowing. But the increased borrowing for COVID against an economy that is struggling and where redundancies in September 2020 reached a record high means that the repayment period for borrowing is likely to be long term.

In recent years the Home Office has relied on Police and Crime Commissioners to take advantage of Council Tax freedoms and set above inflation increases to cover some of the inflationary costs no longer provided for within the Policing Grant. However, the impact of COVID has been significant on Council Tax collection funds.

Firstly, there is the impact of non-collection. There has been a significant reduction on the amount collected and this has been compounded by the courts being closed. There is now a significant deficit on collection estimated for 2020-21 and the Government is allowing for this to be re-imbursed to Precepting Authorities, such as the Police, over a 3 year period. This compares with estimated surpluses on collection previously assumed. The Spending review announcement has provided funding for 75% of the deficit with the remaining 25% to be split over the next 3 years.

A further impact on the Council Tax will be the calculation of the tax base going forward. This time last year we were assuming a tax base increase in future years of over 1% year on year. However, this is unlikely as there are now more people unemployed and receiving benefits; there have been less new builds than planned in this financial year and the economy will see this picture continue into the medium term; and the Billing Authorities will be assuming lower collection rates based upon this year and the possibility of further COVID peaks.

The Government is also keen to ensure that it reaches its target of an additional 20,000 Police Officers by 2023. But if this comes without support for funding of pay awards, inflation, pension increases and adequate funding for the major ICT programmes such as ESN; then all that happens is that officers end up in non-policing roles – a perverse structure and a costly one.

During the medium term there will be revaluations of the Police Pension Scheme and the LGPS Scheme. It is envisaged that both will have further impacts on the employers rate and therefore the funding available. This will be on top of the cost of the McCloud case being implemented.

A further impact is the cost of the national ICT programmes such as ESN and NLEDs. These programmes are over budget and delayed significantly. The result is that the Home Office want to transfer the additional costs of their delay onto Forces to pick up; particularly costs of retaining older systems for longer.

Supporting Reports

The Budget Report and the Medium Term Financial Strategy Report on today's agenda details further the plans for 2021-22 and beyond.

The detailed budget for 2021-22, the Medium Term Financial Strategy, the Reserves Strategy, the 4 Year Capital Programme, the Capital Strategy and the Treasury Management Strategy are provided for information purposes to the Police & Crime Panel. These have been drawn together to support the Police & Crime Plan, which has been refreshed and which is currently out for consultation.

This report is based upon declared information provided by the Billing Authorities.

Process

When setting the budget and capital programme for the forthcoming financial year the Police & Crime Commissioner must be satisfied that adequate consideration has been given to the following:

- **The Government policy on police spending** – the impact of Brexit is uncertain. The Treasury continues to focus on the NHS and its funding requirements. The grants provided to policing for 2021-22 provide for the additional police officers promised by the Prime Minister and ensure a stable financial position, but this is not guaranteed other than through continued precept freedoms.
- **The medium term implications of the budget and capital programme** - the separate report sets out the Medium Term Financial Strategy, which is regularly received and updated. This is now a key indicator of financial sustainability.
- **The CIPFA Prudential Code** - the separate Treasury Management Strategy report covers the CIPFA Prudential Code, which evaluates whether the capital programme and its revenue implications are prudent, affordable and sustainable. The implications of borrowing to finance the unsupported element of the capital programme are incorporated within the proposed revenue Budget for 2021-22 and the Medium Term Financial Strategy.
- **The size and adequacy of general and specific earmarked reserves** - the current forecast of the general reserves at 31 March 2020 is £7 million. This is higher than the minimum 2% level in the approved reserves strategy and is considered by the Chief Finance Officer to be an adequate level for the year ahead. This is lower than the 5% limit set by the Home Office. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy remain a risk and continues to monitor them and their planned usage. This will continue into the medium term. The Chief Finance Officer also confirms that the budgeted insurance provision is fully adequate to meet outstanding claims.
- **Whether the proposal represents a balanced budget for the year** - the assurances about the robustness of the estimates are covered in **Section 8** of this report. The proposals within this report do represent a balanced budget based upon an assumed £14.94 increase in the Police & Crime Precept on the Council Tax Band D.
- **The impact on Council Tax** - this is covered in **Section 7** of this report.
- **The risk of referendum** – the limit set for requiring a referendum is a £15 increase on the precept for all Police & Crime Commissioners. The proposed increase of £14.94 is in line with this years change (further detail is provided in **Section 6**).

1. COUNCIL TAX BASE

For 2021-22 the Billing Authorities continue with the local Council Tax Support Schemes introduced in 2013-14. The impact of COVID has affected current collection rates by significantly reducing them and is a factor in the setting of the tax base for the next year. In addition to this the Billing Authorities have considered the unemployment and benefits demographics and the likelihood of further non-collection when setting the tax base for 2021-22.

The Billing Authorities have therefore estimated a slight increase compared to previously higher estimates on the tax base. The actual tax base has increased by 0.25% overall, this is less than last year's increase of 1.11%.

| Tax base | Band D Properties 2020-21 No | Band D Properties 2021-22 No | Change % |
|-------------------|---|---|---------------------|
| Ashfield | 33,695.30 | 33,731.70 | 0.11 |
| Bassetlaw | 35,373.06 | 35,771.49 | 1.13 |
| Broxtowe | 34,039.14 | 34,217.46 | 0.52 |
| Gedling | 37,387.44 | 37,389.96 | 0.01 |
| Mansfield | 29,407.70 | 29,512.20 | 0.36 |
| Newark & Sherwood | 39,229.76 | 40,002.05 | 1.97 |
| Nottingham City | 67,360.00 | 66,396.00 | (1.43) |
| Rushcliffe | 43,987.70 | 44,259.60 | 0.62 |
| Total | 320,480.10 | 321,280.46 | 0.25 |

2. COLLECTION FUND POSITION

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. This year significant deficits will be declared and this will be 75% Government funded and will be collected over the following 3 years. For 2021-22 the overall surplus totals £0.123m after the spreading adjustment. A breakdown is provided in the table below:

| Surplus/(deficit) | Collection Fund | |
|-------------------|-----------------|-------------------|
| | 2020-21 £ | 2021-22 £ |
| Ashfield | (47,000) | (63,442) |
| Bassetlaw | 55,342 | (36,526) |
| Broxtowe | 75,869 | (51,430) |
| Gedling | Nil | (58,076) |
| Mansfield | 103,363 | 135,000.64 |
| Newark & Sherwood | Nil | 380,521.00 |
| Nottingham City | 176,866 | (122,285) |
| Rushcliffe | (103,300) | (49,231) |
| Total | 261,140 | 134,531.64 |

The deficits declared above will form part of the core funding available. The Local Council Tax Income Guarantee (75% deficit) will be treated as specific grant and included in the Net Revenue Expenditure figure.

3. GRANTS

The main Police Grant has remained the same for several years and has recently been increased by the funding for Uplift Officers recruited. The £120m efficiency target has also been netted in the core grant, thereby alleviating pressure to deliver this during the year. The total core grant now stands at £145.0m.

Council Tax Legacy Grant is received by Commissioners for each Policing area. There is no change in the Legacy Grant for 2021-22 at £9.7m. This grant will be considered as part of the Funding Formula Review.

As part of the Uplift programme for 20,000 additional officers nationally, it is anticipated that a core element of this grant will transfer into the main Police Grant. This is included in the £145.0m above.

Together the main Police Grant (including any transferred Uplift Grant) and the Legacy Grant form the core funding for Nottinghamshire Policing.

In addition to Core funding there are specific grants which fund specific elements of expenditure. The main ones of these include initial Uplift Grant, Uplift Performance Grant and Pension Grants. These are netted against Police expenditure.

The Commissioner also receives specific funding from the Ministry of Justice which is netted against expenditure for Victims. This funding has many facets and covers areas such as Domestic Violence, Rape Support, COVID support, ISVA funding and Sexual Violence funding.

Pension Grant (specific grant) for the impact of the McCloud case and last revaluation will continue to be funded at existing levels.

The Government has also provided grants to support Council Taxbase reductions in estimates. This has been done through Council Tax Support Grant to be paid to all precepting authorities as a s31 Grant. The current estimate for the Commissioner is that he will receive £1.5m for this. In addition to this there will be support for 75% of the deficit on the collection fund for this year. The net surplus on collection will be transferred to reserves to meet the 25% unfunded deficit spread to the following two years. Both grants have been factored into the calculations.

All major grants are summarised in **Appendix A**.

4. CONSULTATION

The Nottinghamshire Police and Crime Commissioner (PCC) has a statutory duty under the Police Reform and Social Responsibility Act 2011 to obtain the views of local people and ratepayers' on budget and precept proposals and to consult and engage with local people on policing and in setting police and crime objectives.

In fulfilling these requirements, the PCC's Police and Crime Survey obtained a robust and representative sample of views from 4,073 residents across Nottinghamshire over four quarterly waves of fieldwork in 2020. The sampling scheme for the survey provided good geographical coverage and responses that were representative by age, gender, ethnicity and deprivation. The PCC also commissioned a series of four virtual focus groups across to obtain further qualitative insight into resident's views on policing priorities and the precept for 2021-22. The focus groups engaged a total of 31 participants across the four Community Safety Partnership areas of Nottingham City, South Nottinghamshire, Bassetlaw, Newark and Sherwood and Mansfield and Ashfield.

The Police and Crime Survey found no statistically significant difference between the proportion of residents that support an increase in the precept for policing (37.4%) and the proportion that do not (37.3%) in 2020. Excluding those that did not know, support for an increase in the precept for policing remains strongest in the South Nottinghamshire community safety partnership area (55.7%) and in particular, the Rushcliffe (61.1%) and Broxtowe (53.8%) local authority areas. Support for an increase remains lowest in the Mansfield and Ashfield CSP area (47.0%) and the local authorities of Ashfield (45.0%) and Bassetlaw (46.4%).

Around a quarter (25.2%) of all respondents said that they 'did not know' or 'need more information' in order to determine whether they support a rise in the precept or not. This proportion has increased from 23.4% over the last year, continuing the upward trend seen since 2017-18 (18.7%). Focus groups held in January 2021 enabled more detailed qualitative engagement with a diverse range of residents which includes an overview of the force's financial position. The vast majority of participants supported a £15 increase in the precept for policing, particularly in increasing front line policing. All focus groups, however, also shared concerns regarding the financial impact that the pandemic has had on some individuals and communities.

All groups also highlighted the importance of evidencing the impact of any increase in the precept in terms of additional services or improved performance. Some felt that a failure to do this could potentially be damaging to the current positive perception of Nottinghamshire Police that most participants had.

5. COUNCIL TAX REFERENDUMS

The Localism Act 2011 requires authorities including Police & Crime Commissioners to determine whether their 'relevant basic amount of council tax' for a year is excessive, as excessive increases trigger a council tax referendum. The Secretary of State is required to set out principles annually, determining what increase is excessive. For 2021-22 the principles state that, for Police & Crime Commissioners, an increase of more than £15 in the basic amount of council tax between 2020-21 and 2021-22 is excessive.

For 2021-22 the relevant basic amount is calculated as follows:

Formula:

$$\frac{\text{Council Tax Requirement}}{\text{Total tax base for police authority area}} = \text{Relevant basic amount of council tax}$$

Nottinghamshire 2021-22 estimated calculation:

$$\frac{\pounds 78,475,965.16}{321,280.46} = \pounds 244.26 \text{ (}\pounds 14.94\text{)}$$

6. RECOMMENDATION ON THE LEVEL OF POLICE & CRIME PRECEPT ON THE COUNCIL TAX

As discussed in the Budget report resources have been allocated to support the police and crime plan. In assessing appropriate spending levels, consideration has been given to the significant unavoidable commitments facing the Police & Crime Commissioner, including the 20,000 uplift in Police Officer numbers nationally, pay awards and pension liabilities. Due regard has been given to the overall cost to the local council tax payer. Consideration has also been given to the projected value of the available reserves and balances and the medium term financial assessment (both reported separately).

The Commissioners proposed spending plans for 2021-22 result in a Police and Crime Precept on the Council Tax of £244.26 for a Band D property, representing an increase of £14.94.

For comparison purposes the Council Tax for Precepting Authorities is always quoted for a Band D property. In Nottinghamshire by far the largest numbers of properties are in Band A.

To achieve a balanced budget and having regard for the provisional notification of grant income an increase in the Police & Crime Precept has been required. This is on top of budget reductions and efficiencies to be achieved in year.

The calculation of the Police & Crime Precept on the Council Tax is as follows:

| | 2020-21 | | 2021-22 | | Increase/ Decrease | |
|------------------|----------------|------------|----------------|------------|-------------------------------|------------|
| | Budget | | Budget | | | |
| | £m | | £m | | £m | |
| Budget* | 219.6 | | 233.2 | | 13.6 | (+) |
| External Income* | 146.1 | (-) | 154.7 | (-) | 8.6 | (-) |
| Collection | 0.3 | (-) | 0.1 | (-) | 0.2 | (+) |
| Surplus/deficit | | | | | | |
| Reserves | 0.3 | (+) | 0.1 | (+) | 0.2 | (-) |
| Precept | 73.5 | (-) | 78.5 | (-) | 5.0 | (-) |

* Revised to reflect advice on the treatment of performance and pension grants.

| | | | |
|--------------------|---------|---------|--------|
| | 320,480 | 321,280 | 800 |
| Council Tax Band D | £229.32 | £244.26 | £14.94 |
| Council Tax Band A | £152.88 | £162.84 | £9.96 |

The overall Police & Crime Precept to be collected on behalf of the Police & Crime Commissioner for 2021-22 is:

| | |
|---|-----------|
| | £m |
| Budgeted Expenditure | 233.2 (+) |
| Less income from: | |
| Police & Crime Grant | 145.0 (-) |
| Legacy Grant | 9.7 (-) |
| Collection Fund surplus/deficit | 0.1 (-) |
| Net contribution to/from Balances | 0.1 (+) |
| Police & Crime Precept on the Council Tax | 78.5 (-) |

Appendix A compares the Government Grant between 2020-21 and 2021-22.

The resulting precept and Council Tax levels derived from the measures contained in this report are detailed below:

Police & Crime element of the Council Tax

| Band | 2020-21 £ | 2021-22 £ |
|----------|---------------|---------------|
| A | 152.88 | 162.84 |
| B | 178.36 | 189.98 |
| C | 203.84 | 217.12 |
| D | 229.32 | 244.26 |
| E | 280.28 | 298.54 |
| F | 331.24 | 352.82 |
| G | 382.20 | 407.10 |
| H | 458.64 | 488.52 |

Amounts to be raised from Council Tax in each billing authority area 2021-22:

| | Precept amount to be collected £ | Collection Fund Surplus/(Deficit) £ | Total amount due £ |
|----------------------|--|---|-----------------------|
| Ashfield | 8,239,305.04 | (63,442.00) | 8,175,863.04 |
| Bassetlaw | 8,737,544.15 | (36,526.00) | 8,701,018.15 |
| Broxtowe | 8,357,956.78 | (51,430.00) | 8,306,526.78 |
| Gedling | 9,132,871.63 | (58,076.00) | 9,074,795.63 |
| Mansfield | 7,208,649.97 | 135,000.64 | 7,343,650.61 |
| Newark & Sherwood | 9,770,900.73 | 380,521.00 | 10,151,421.73 |
| Nottingham City | 16,217,886.96 | (122,282.00) | 16,095,601.96 |
| Rushcliffe | 10,810,849.90 | (49,231.00) | 10,761,618.90 |
| Total | 78,475,965.16 | 134,531.64 | 78,610,496.80 |

Collection Dates

The dates, by which the Commissioners bank account must receive the credit in equal instalments, otherwise interest will be charged.

| | £ |
|--------------------|----------------------|
| <u>2021</u> | |
| 19 April | 7,861,050.00 |
| 27 May | 7,861,050.00 |
| 02 July | 7,861,050.00 |
| 05 August | 7,861,050.00 |
| 10 September | 7,861,050.00 |
| 15 October | 7,861,050.00 |
| 19 November | 7,861,050.00 |
| <u>2022</u> | |
| 05 January | 7,861,050.00 |
| 03 February | 7,861,050.00 |
| 10 March | 7,861,046.80 |
| | 78,610,496.80 |

7. ROBUSTNESS OF THE ESTIMATES

The Chief Finance Officer to the Police & Crime Commissioner has worked closely with the Head of Finance (Nottinghamshire Police) to obtain assurance on the accuracy of the estimates provided. There have been weekly meetings between the Commissioner, Chief Constable and their professional officers.

Information provided in the Spending Review and Settlement announcement have been fully factored in to these estimates.

The replenishment of reserves has progressed and should be available to finance the new building on the Joint HQ site.

The budget proposed within this report represents a balanced budget. To achieve this, the force has provided detail on how efficiencies and savings will be delivered. There are some potential risks to the full amount of savings being achieved and this will be monitored monthly, with alternative savings needing to be identified if the initial plans cannot be delivered.

The balanced budget is based upon the recommended £14.94 band D increase in Council Tax for 2021-22.

Year on year comparison of settlement grants
Nottinghamshire

| Grant | 2020-21 £ | 2021-22 £ |
|-------------------------------------|----------------------|----------------------|
| Police Core grant (HO) | 78,514,341 | 90,477,050 |
| Ex-DCLG Funding Formula | 48,387,121 | 54,519,823 |
| Sub-total core grant | 136,398,960 | 144,996,873 |
| Legacy Grant | 9,726,194 | 9,726,194 |
| Total Core Funding | 146,125,154 | 154,723,194 |
| Council Tax Support Grant | | 1,500,000 |
| Local Council Tax Income Guarantee* | | 543,398 |
| Pensions Grant | 2,028,216 | 2,028,216 |
| Specific Grant * | 2,999,210 | 1,783,000 |
| Total Key Government Funding | 151,152,580 | 160,577,808 |

*Latest estimate

In addition to the above Nottinghamshire receives Capital Grant. For 2021-22 this has remained at £200,000.